"EPACK Prefab Technologies Limited
Q1 FY27 Earnings Conference Call"
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MANAGEMENT: **MR. SANJAY SINGHANIA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – EPACK PREFAB TECHNOLOGIES LIMITED**
MR. RAHUL AGARWAL – CHIEF FINANCIAL OFFICER – EPACK PREFAB TECHNOLOGIES LIMITED

MODERATOR: **MR. ANUJ SHAH – PHILLIPCAPITAL PRIVATE CLIENT GROUP**

Moderator: Ladies and gentlemen, good day and welcome to EPACK Prefab Technologies Limited Q1 FY27 Earnings Conference Call hosted by PhillipCapital Private Client Group. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Anuj Shah from PhillipCapital.

Anuj Shah: Good evening, everyone. On behalf of the PhillipCapital Private Client Group, I would like to extend a warm welcome to all participants and thank the management team of EPACK Prefab Technologies Limited for giving us the opportunity to host Q1 FY27 earnings conference call to discuss the company's quarterly performance and business outlook.

From the management team, we are pleased to have with us today Mr. Sanjay Singhania, Managing Director and Chief Executive Officer, and Mr. Rahul Agarwal, Chief Financial Officer.

I would now like to hand over the call to Mr. Sanjay Singhania for his opening remarks. Thank you and over to you, sir.

Sanjay Singhania: Yes. Good evening and thank you, Anuj. So, I welcome all the investors and the stakeholders into the investor call for Quarter 1 '27 earnings. So very happy to tell you that EPACK Prefab as a company, we have maintained our track record for quarter to quarter growth. So this year -- this quarter as well, the revenue growth of the company is about 25%.

So we have grown quarter-to-quarter as compared to the same quarter last year. And also one of the key achievements for us in the last quarter was the growth in the order book. So in the order book, there was a growth of 150%. So as compared to INR240 crores orders that we booked in the Quarter 1 of last year, this year, we have been able, in this quarter, last quarter we have been able to book INR580 crores of orders.

So this kind of order book gives us a lot of confidence and visibility for the year. And also it justifies the investments that we have made recently in expanding our capacities. And some of the most prominent orders was you know like in the last quarter we received one of the biggest orders ever of INR165 crores from a renewable company and we are making the solar cell and solar module plant for them.

Similarly, we received our first order from a automobile company for making the manufacturing plant for them and few other orders from existing customers like Waaree Energies and Horizon for their warehousing. So we as EPACK continue to grow and our execution remains the forte, our speed of execution remains the forte, and that has been one of the key USPs of EPACK that the speed of execution has been the differential factor for us and we continue to gain more and more confidence of our customers.

As far as some of the financials are concerned, the total revenue of last first quarter was INR366 crores almost as compared to INR295 crores of the first quarter of '26. Similarly, our EBITDA has grown from INR30.9 crores in the first quarter last financial year to almost INR35 crores this year. Though in the EBITDA margin, there has been a little contraction.

So EBITDA margin in the first quarter last year was 10.5 which stands at 9.4% and we during our first during our last investor call in the month of May for the entire year '26 have already stressed upon the fact that due to the commodity price increase coming from the war in the Middle East, there was a immediate abrupt steel price increase. So which affected our which was likely to affect our margins.

So very happy to tell you that you know like the overall impact in our margin in our EBITDA margin has only been around 100 basis points there. So we through smart management of our purchase policy, sourcing policy as well as ability to get the price increase from the fixed contracts that we had with the customer has helped us to maintain this EBITDA margin of 9.4%.

And also going forward, as we have always guided the market, our EBITDA margins from this quarter onwards will be normalized at 10.5% to 11.5%. And because of this reduction of 100 basis points in the EBITDA margin, the PAT margin was 5% as compared to 5.4% in the first quarter of last financial year.

As we speak today, so the total order book for us as on 30th of June 26 was almost INR1380 crores giving us a clear visibility for the next 6 and 8 months, 6 to 8 months and also the run-up for the entire financial year '27. Because in this financial year 27, we have targeted a revenue of close to INR1900 crores to INR1950 crores which would be almost a growth of 30% over the last financial year.

One of the important developments, another important developments in the last quarter was the increase in the capacity utilization. So, all our four manufacturing plants, they were running at almost full capacity. The total average capacity utilization of the prefab division was almost 75% plus and also the good part has been the ramp up in the capacity utilization of the sandwich panel line that we had put up in our Mambattu, Andhra Pradesh plant.

So there also the capacity utilization was almost 45% as compared to the utilization of 25% that was done in the last financial year. And the good thing is that you know we have pending orders for insulated sandwich panels as well, so this will further ramp up in this quarter.

And other than this I think I will hand over to Rahul who can tell about the financials. Rahul, over to you.

Rahul Agarwal: Yes, thank you sir, thank you so much. So as rightly already pointed out by our MD that you know the order book continues to propel. We are sitting at a pending order book of close to INR1376 odd crores which gives us a very clear visibility over the next eight month of what revenue we could generate.

And if you kind of look to our order book pending quarter on quarter over the last few years, you will see that there is already a rising trend. In terms of revenue, of course, you know the EPS business has come back to normalcy, a bit of price increase there as well as a bit of volume, but the prefab business continues to hover around 25% growth and that's the expectancy this year as well.

EBITDA margin of about 9.5% which -- there is an absolute EBITDA growth over last year, similarly PAT absolute growth, EBIT absolute growth. However, the fact that the margins were subdued because of the West Asia crisis you know which we already called out in the first call and that's expected to normalize, right? In the quarter to come that's expected to normalize.

If you really look at our you know line by line item in our P&L, you will see and appreciate that the cost increases have been mostly on account of scale in in terms of employee benefit or other expenses and as we go into the year as we kind of have been able to do 47% in H1 and 53% in the last H2 over the last few years, if we continue do that, these margins are going to get normalized and the guidance that we had already guided the market of about 10.5%, 11% EBITDA margin is most likely to come through.

So, with that, I'll now hand over the call to Anuj to kind of ask few questions and then open the call to our investors.

Anuj Shah: Thank you, sir. Sir, coming onto the revenue growth outlook that you that you had guided in Q4, I mean obviously we've done you know close to 25% on the top line front in Q1 FY27 and do we remain confident of sustaining this 25%, 30% kind of a growth for the entire financial year of FY27 and where will this growth actually come from, I mean from which end user segment? If you could just tell us on this.

Sanjay Singhania: Yes. For this financial year '27, we have guided the market towards a revenue growth of almost 30% and the order book of -- balanced order book of INR1380 crores in hand gives us a lot of confidence that we'd be able to very easily achieve this target. Most of the orders at this time are coming from energy sector, so be it the renewable energy, the transformers, the wires and cable industry, and also our, conventional industries are typically the logistics, so logistics is contributing about 24% to 25% of the total order book for us. Similarly, auto is contributing about 10% and few other, commodities, like cement and steel.

Anuj Shah: Okay. Just a follow-up on this, sir. So, in within these segments, which end user market offers the most favourable margin profile for the company? Does the margin profile stay similar across all the end users or there are, few segments which offers more superior margin profile among the end users as well?

Sanjay Singhania: Yes. Typically, the margin profile remains more or less, similar because, like we have a competition in all the -- you know, all the bits that we do. So, we don't, like work that way. Typically for us, it is the margin that we do on a tonnage basis. So, irrespective of the sector, like most of -- more or less, it remains same for us.

Anuj Shah: Okay. Understood, sir. Coming onto your margin profile, sir, as, you know, I mean in Q1 only I think there was a contraction of nearly 100 basis points due to, elevated increase in input costs. Do we expect margins to normalize towards that 10, 11 kind of a band that we used to do, in the previous financial years? Do we see those margin profiles actually shaping up to, be better for the entire financial year and for coming years forward?

Sanjay Singhania: Definitely, yes. The margins will definitely come back to the old level of 10.5%, close to 10.5% from this quarter onwards because, like I think the increase -- the impact of the commodity price increase has now behind us and most of the new orders that we have booked are based on the increased commodity prices. So, I'm very hopeful that we'll come back to the earlier margin profile of 10.5%.

Anuj Shah: Okay. Coming onto your order book and order inflow trends, sir. I mean, what has been the order inflows, particularly in Q1 and how does the bidding pipeline overall look for the remainder of the year?

Sanjay Singhania: Yes. So, the overall capex cycle in the country is very strong right now and also, the fact that, we could have the single biggest order with us that we were looking for a very long time. So, it has also, like brought out a very positive sentiment amongst the team as well as in the market and it shows our ability to take up bigger projects and execute on time. So, very happy to tell you that the last quarter, it was one of the best quarter in terms of order booking for us.

We booked about INR580 crores of orders last year -- in the last quarter as compared to just INR240 in the same quarter last financial year. So, it has been a you know big ramp up in terms of order booking and also, our average order size now has increased tremendously.

So, it means, like we have the ability now to focus more on bigger projects and also, the concentration of the company in terms of the -- efficiency of the manufacturing plant will also increase now. So, these are the multiple benefits we expect from this, growth in the order book and the average increase in the size of orders.

Anuj Shah: Okay, sir. Coming onto the export front, sir, company has managed to secure export orders worth approximately INR2.5 crores, during Q1 FY27. Obviously, I mean in terms of size it would be quite negligible, but it really marks an encouraging start, for EPACK in international markets. Could you please elaborate on what could be the export strategy going forward over the next 2 years to 3 years? What are the geographies that you are particularly targeting and what level of export contribution does the company aspire, you know, over say a 2 years to 3 years kind of a horizon?

Sanjay Singhania: Yes. So, again last quarter was, you know, like the start of exports for us. We have export -- we have exported sandwich panels, so insulated sandwich panels we exported to Africa, African nation, and it has been a good start point. And, like similar to the sandwich panels, now we are also in discussion with few other players for the structural steel PEB buildings as well.

We are ramping up our, go to -- we are developing our go to market strategies. We have ramped up our team for export sales. So, very difficult to tell, like what percentage of the total business will be coming from exports in the next 2 years to 3 years, but I'm very hopeful that it will be a, sizable portion. But these are the early days, very difficult to comment, how this will fructify over the next 2 quarters to 3 quarters.

Anuj Shah: Okay. Sir, coming onto your data center business opportunity, could you please provide some light into, company's strategy for data center business, particularly with, now formation of EPACK Data Center Solutions? What are the opportunities that we are targeting? How should as an investor we think about the revenue contribution and the proposed INR75 crores investment that we've made into the subsidiary? How big, this opportunity could turn out for EPACK in terms of, meaningful contribution to its overall revenue?

Sanjay Singhania: Yes. So, we are very bullish about the data center opportunity on two accounts. First is the existing product line that we offer to the data centers. So, in the data centers, you know, like this insulated sandwich panels, the Rockwool sandwich panels is already being done by us. We are doing some 4 or 5 projects already and we are getting repeat orders also.

In the last quarter, we got the order from Adani as well for their upcoming data center in which we would be putting up this insulated sandwich panels as a wall and building facade system. And similarly, in the last quarter, we also bid for two data centers, the complete structure of the data centers. Unfortunately, we could not you know go get those orders but we are strengthening our design team and sales team on this. Very hopeful to book substantial at least, you know, one data center on a complete turnkey basis for pre-engineered building in this quarter.

And, you know, like the idea of floating a separate company, this EPACK Data Center Solutions is we understand that most of the hyper-scale data centers coming up in the country, they will need -- they will go ahead with the DFMA, which is the design for manufacturing and assembly. So, there would be a lot of, like opportunities for companies like us who have expertise in structural steel fabrication, insulated sandwich panels, and who also have the capability to develop, newer products in the building and construction industry.

So, in this data center, you know, there are hot air containment zones and cold air containment zones, there are pipe spooling, and CNM module and a lot of other things in which our structural steel capability plus a certain, like bought out items, electrical items integration will be an opportunity.

So, to tap into that opportunity, we have floated this separate subsidiary, which will focus on developing the products suitable for the data center market, as well as, like which will have a clear focus on tapping more opportunities not only in India but outside of India as well, for this kind of product used in the data centers.

Anuj Shah: Okay. Understood, sir. I think last question, sir, from my end. What could be the peak revenue potential once, you know, this incremental capacity of 50,000 metric ton per annum comes on stream in Gujarat and the incremental capacity which has already come, for sandwich panels? What could be the peak revenue potential, sir, after the expanded capacity?

Sanjay Singhania: Yes. That's a great question. So, peak revenue potential post our Ghiloth plant, that is the second insulated sandwich panel line, continuous sandwich panel line, and one more line of structural steel fabrication we are putting up in Mambattu and the Vithalapur plant of 50,000 ton. The total revenue potential would be close to INR2700 crores to INR2900 crores.

Anuj Shah: Okay. So, this is a co -- I mean this is a blended peak revenue potential including PEB and the sandwich panel, correct, sir?

Sanjay Singhania: Yes.

Anuj Shah: Okay. Understood, sir. Now, we can open the floor, sir, for question-and-answer session. Thank you so much, sir.

Sanjay Singhania: Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Shubhi Gupta from Trinetra Asset Managers. Please go ahead.

Shubhi Gupta: Thank you so much for the opportunity. Sir, my first question is that the order book that we have, how much of this is fixed price and how much do we have pass through mechanism? Because we were able to sort of mitigate the steel price increase, but the current order book that we have, how much of that is what is the proportion of fixed price versus pass through mechanism?

Sanjay Singhania: Yes. So most of our orders are fixed price mechanism orders only and the pass-through doesn't work because we procure raw material at a different point of time and then the production and the logistics and installation at the site happens. So it creates confusion with the customer. So it's better to have a fixed price contract. Yes, when the prices go up abruptly, it creates a kind of a risk for the company

But for us, we set off this risk by booking orders almost every week. So whenever we book the new order, it is always based on the current prices. So that is one way we protect ourselves from any like commodity price increase.

So even though if you see in the last four to five months post the war started, the raw material prices, the steel prices went up by almost 12% to 14%, 15%, but the impact on our balance sheet was just 1%. So that is how we are managing.

Shubhi Gupta: Sure, sir. Sir, my second question is that with this great data center opportunity that you just talked about, are we looking at better margins for this opportunity, with this segment of opportunity?

Sanjay Singhania: My sense is definitely the margins should be better, but these are early days for us. We haven't done any particular any one single project for the products that I was telling to you regarding the hot air containment zones and pipe spooling. These are early days, but yes, the margin profile should definitely be better in this.

Shubhi Gupta: Sir, how much if you could quantify a bit broad range, nothing too specific?

Sanjay Singhania: It would be very early days,

Shubhi Gupta: Sure. Okay, sir. Thank you.

Sanjay Singhania: Thank you.

Moderator: Thank you. The next question is from the line of Dheeraj Ram from 360 ONE Capital. Please go ahead.

Dheeraj Ram: Yes, thank you for taking up the question, sir. Sir, do you see any execution delays probably in 2Q going forward?

Sanjay Singhania: See execution is our strength and we are known in this industry and we have grown because of our ability to execute better and faster. So I don't see any challenges. Yes, the only challenge in this quarter could be the monsoon. So because of monsoons, the civil works get delayed. But as far as our role is concerned, I really don't see any major challenge there.

Dheeraj Ram: Okay. And on this data center opportunity, sir, could you quantify what percentage of your products as a data center order and how much could be this opportunity for you?

Sanjay Singhania: See, right now, as I said, we do this insulated sandwich panels for data centers. So of the total order book, if we talk about it may not be major, it may be just 4% to 5% of the total order book right now.

But the way the market is shaping up and the way we see the opportunity right now, we feel that just as like renewable energy has become a big source of revenue for us, we have been able to book you big orders there in the last two years, we see a similar kind of a growth coming from data center opportunity as well.

Besides the construction of the data centers, as I said, we are also looking in for some of the product lines to be developed there, the product lines are hot air containment zones, pipe spooling, and P&M module. So these are under development stage and designing stage.

Dheeraj Ram: So once you fully launch your products, what percentage of data center order would be?

Moderator: Sorry to interrupt Mr. Dheeraj, your voice is not audible.

Dheeraj Ram: Can you hear me now? Am I audible?

Sanjay Singhania: Yes, I got your question, Dheeraj. Actually, it would be too early, too premature to really tell how much percentage. But again, the opportunity that we have in hand and also some of the discussions that we have had, I would say it will be substantial. It will not be like minuscule. It will be a substantial opportunity we see there.

Dheeraj Ram: Okay. And sir, could you let us know how much of your order book currently is from existing clients and how many new clients you've added maybe in past nine months or in past one year? Or if you can pick it up?

Sanjay Singhania: Yes, typically for us, existing clients contribute around 40% to 45% because not every client will have a repeat order or would not make like factory every year. So it is around 40% to 45% for us. And the number of new clients would be difficult to like, I don't have the numbers ready with me, but yes, in terms of revenue, the balance would be coming in from the new clients.

Dheeraj Ram: Okay. And last question, sir. How do we see the order inflow for FY27 if you can give that target and from which sectors as a percentage you're expecting?

Sanjay Singhania: Yes, I think we have guided the market in the month of May that total order in target for us in this financial year is INR2000 crores. So out of INR2000 crores, in the first quarter itself, we have done INR580 crores. So now balance INR1400 crores is something we have to achieve in the next three quarters. But I believe that like this quarter two also is going to be a strong quarter for us.

So close to 50% or maybe more than 50% of the year's target we should be able to be achieved within these first two quarters. As far as the industries are concerned.

Dheeraj Ram: Any sector, sir?

Sanjay Singhania: Yes, see one of the promising sector in India is definitely the entire energy sector, which comprises of renewable energy, wind, and then transformers is again like lot of investments is coming up in transformer, then wires and cable industry, fiber optic. So this is one industry which is growing really well.

And also some of the traditional industries for us has always been logistics and warehousing. So it always contributes around 22% to 25% of our order book. And I think going forward it will remain the same. Automobile and FMCG is something which is a regular kind of a bread and butter for us.

And similarly like some of the other big opportunities coming from setting up of newer plants by the likes of CGSW or AMNS. So that also presents a good opportunity in future for EPACK Prefab.

Dheeraj Ram: Okay. Got it. Thank you, sir. Thank you. All the best.

Moderator: Thank you. The next question is from the line of Nitin Jain from Fair Value Equity Advisors. Please go ahead.

Nitin Jain: Yes, thank you for the opportunity. So my first question is you have provided a full year EBITDA margin guidance of around 10.5%. I would like to understand how this trajectory of margins would be like, would we achieve 10.5% by the exit of FY27 or should we see these kind of margins from Q2 onwards?

Sanjay Singhania: I think you will start to see improvement in the EBITDA margin from this quarter, second quarter onwards. But yes, full year guidance that we have given is 10.5%. I am very much sure that we'd be able to achieve that.

Nitin Jain: Right. So it would be safe to assume that Q1 EBITDA margins are kind of a near term bottom and we should be increasing margins going forward, right?

Sanjay Singhania: Yes. Because we have like four months back we have clearly told the market the possibility of a dip in the EBITDA margins because of the commodity price increase. So we estimated about 200 basis points reduction in the EBITDA margin, but we have been able to maintain it at 100 basis points.

Nitin Jain: Great. So my next question is on the data center venture we are planning. So it would be great if you can elaborate how this INR75 crores would be utilized, any approximate timelines that you have in mind and whether we would be taking on any new debt for this to fund this venture?

Sanjay Singhania: See, right now, what we have done is like we have formed a separate entity to look into this opportunity, which is obviously like we feel a huge opportunity for us. At this time, we do not have a concrete point utilization plan or like funding plan for this. The reason of having this INR75 crores equity plan is basically to set up a manufacturing facility.

So we have to get the land in place before we can actually plan for product development and things like that. So with that purpose, like we have earmarked INR75 crores for now. But again, I think we will need around next by the end of this quarter, like we should be able to have the real numbers in terms of total investments and the location on which we are going to set up the facility and the total visibility in terms of revenue from that new facility.

Nitin Jain: Right. And do we plan to take on any debt for this or will it be funded through accruals or IPO proceeds?

Sanjay Singhania: It depends. At this time, I think we have not been able to chalk out a complete funding plan. So it depends. But yes, looking at the opportunity, if we need to raise some debt on for that, we'll do it. But again, I can tell you is it won't be a very high kind of a substantial debt. It will be quite reasonable considering the size of the company.

Nitin Jain: Right. And you have a good net cash balance also, I suppose, given the March FY26 numbers.

Sanjay Singhania: Yes.

Nitin Jain: Right. Great. That's helpful. My last question is the orders in hand for the sandwich panel business. They seem to have declined quarter on quarter like from 4 lakh square meters to 3.2. And if we look at the capacity utilization as well, that also has been flat around 44% to 45% quarter-on-quarter. But management has guided to increase the capacity utilization in this business in FY27. So, my question is, is that still on the card and can you provide a timeline how like quarter wise it might increase?

Sanjay Singhania: Yes, so our last if you see our last financial year, utilization was close to 25%, whereas in this quarter we have closed at 44%. So, there is definitely an increase in the overall utilization. And we also correct that the figure of 4 lakhs that was given earlier and now come down to 3.2 lakhs. But that 3.2 lakhs is for the continuous sandwich panel line at our Mambattu plant.

The earlier figure of 4 lakhs was for our Greater Noida plant as well as for the Mambattu plant, and this is only for the Mambattu continuous sandwich panel line. And like if we deliver this 3.2 lakhs alone without booking any orders from today onwards, still the utilization of the capacity would be 70% plus for on an annualized basis. So, this year, the line will be definitely utilized for more than 70%, 75%.

Nitin Jain: Okay, that's very helpful. So, the Mambattu and Greater Noida order book as of now would be how much, sir?

Sanjay Singhania: In terms of sandwich panels, it will be around 4.7 lakh square meters.

Nitin Jain: Okay, so if we compare Q4 to Q1, we have increased from 4 lakh square meters to 4.7 the order book in hand for this business?

Sanjay Singhania: Yes.

Nitin Jain: Right, right. Okay. That's very helpful. Thank you so much. That's all from my side.

Sanjay Singhania: Yes.

Moderator: Thank you. The next question is from the line of Kanishk Gupta with SS Family Office. Please go ahead.

Kanishk Gupta: Hello, sir. A very good afternoon to you. My question would be, sir, your Q2 FY26 order book to revenue ratio was 1.5x with an 8-month completion cycle, but your own FY27 guidance of INR2000 crores order book against a INR1920 crores to INR1950 crores revenue compresses that ratio to 1x. So, by your own numbers, your order book coverage has nearly halved. So, what explains that compression and how are you thinking about rebuilding that ratio going forward?

Sanjay Singhania: See, I think there is some confusion in the sense that when I talk of INR2000 crores rupees orders, so it is the new orders that we are going to book. So, there is an opening order book of INR1110 crores as on 1st of April 26. So, if you add the total existing orders of INR1110 plus INR2000 crores if we do, so it will INR3100 crores and if we close at say INR1900 crores or INR1950 crores, so still in the opening of next financial year we'll have at least INR1250 crores of orders.

Rahul Agarwal: And also, to add that in INR1950 crores, we are talking about EPS for close to about INR180 crores to INR200 crores. So, if you deduct that what Sanjay ji just now mentioned, the order book pending at the end of the year should be close to about INR1250 crores, INR1300 crores.

Sanjay Singhania: Yes.

Kanishk Gupta: Thank you for that clarification, sir. And my second question would be on, as you have consistently described trust and execution speed as your core competitive moat and your ability to deliver 2 to 3 months ahead of competitors is genuinely impressive, but your own pipeline conversion ratio sits at 15% to 20%.

So, 80% of the customers who evaluate EPACK choose someone else. So, I would generally like to understand what is driving that 80% loss rate, and how do you reconcile that number with the confidence placed in the moat narrative?

Sanjay Singhania: You mean to say of the total market size.

Kanishk Gupta: No, sir, your win rate?

Sanjay Singhania: Yes, win rate, yes. Okay. Our win rate is definitely yes, you're right, it is 20%, close to 20%. See, like first of all we cannot be focusing on 100% of the quotations that we do because we our buildings are customized, and they're designed to custom. So, it involves a lot of understanding, technical understanding and the consultation with the customer and secondly, huge effort is required on the part of designing the entire structure.

So, we cannot be optimizing each and every building we quote. So sometimes, like we have to be in the race to meet the customer and to quote just to be present in the market, but we cannot be focusing on 100%. So typically, what we do is like we earmark say 30%-40% of the quotations that we typically do and then we focus on projects which make sense for EPACK at that particular point of time depending on the industry, the location, and also the type of customer.

Because we should have the ability to choose the customer based on the project and the customers seriousness towards their own project. Not every customer is serious, and if you look at our project execution, we are better at project execution because our projects move at a faster pace because the customer wants the project fast.

Otherwise, there are customers or there are projects which will go on for 1 year or 2 years without any flow of the PEB company. So, we are very particular about choosing the customer and the speed of the customer is something which really excites us.

Kanishk Gupta: Sir, is 25% to 30% kind of win rates can we see going forward or is 20% sustainable in the long run?

Sanjay Singhania: I would not comment that 30% or 40% is achievable or not achievable. It depends on how you look at the entire opportunities in hand. Definitely one cannot or any company cannot just grab all the opportunities that come its way. It depends on our own capacity, our capacity utilization, and there are projects that we tend to lose because we are already full with our capacities.

So, like and also regional presence, so sometimes our capacity in the north is available but the project that has come up in the south and our south facility is already completely full. So, we cannot take up more projects and create a bad image for EPACK in the market. So, it depends on a lot of factors. But I think 20%, even 20% hit rate is a great hit rate. Typically, this would be in the range of 10% to 12% for most of the companies.

Kanishk Gupta: And sir, what would be our market share of the organized domestic PEB market as of now?

Sanjay Singhania: Yes, I think, by the end of this financial year our total market share would be around 7% to 7.5% and the market leader has around 12% of the market share. Not only the organized I am talking of the total market.

Kanishk Gupta: And our market share as of now?

Sanjay Singhania: As of if you say as of the basis ‘26 financial it would have been around 5% to 6%.

Kanishk Gupta: And sir, lastly your win rate from existing customers when you bid for new orders from them.

Sanjay Singhania: Yes.

Kanishk Gupta: What is the win rate you mean to say?

Sanjay Singhania: Win rate from existing customers?

Kanishk Gupta: Yes.

Sanjay Singhania: See, we haven't tabulated that number, what is the win rate from the existing customer, but I would say definitely it will be better than 20%, so it may be 30% to 40% at least double.

Kanishk Gupta: If this number would be available in the next quarter, it would really help you double down on your execution speed moat.

Sanjay Singhania: Yes, definitely. We'll note it down. Thank you for this.

Kanishk Gupta: That's it from my side, sir. Thank you very much and all the best for the future.

Sanjay Singhania: Thank you so much.

Moderator: Thank you. The next question is from the line of Aasim from DAM Capital. Please go ahead.

Aasim: Hi, good evening. So just a couple of thing I'd like to know. So first actually on the data center opportunity, so you did talk about at its early stage, but can you at least give some sense on revenue potential? What kind of working capital this business would involve? How it will compare with your base business? And basically is it ROCE accretive versus the 18% to 20% you do currently in the PEB business?

Sanjay Singhania: Very difficult for me at this time to give so many data on this, opportunity that we are exploring. And I think by the end of this quarter I should have some numbers in hand. So when we meet in the investor call next quarter then definitely I would be at a much better position to tell you in detail about the total capex that we are going to do, what is the size of the total opportunity and if possible on the ROCE and ROE as well.

Aasim: Okay, fine. I'll ask you this question again in Q2. But Yes, I'm sure you would have had some thought process behind before you entered this thing, but fair enough. Sir, secondly, again on the data center business space, of course, you would be doing the structures bit, you have that expertise per se.

But on the other things that you mentioned, the P&M thing, the pipes spools and all, are these also capabilities that the company already has or is it something you will need third-party players to depend on tie-ups or maybe purchases from third-party players?

Sanjay Singhania: Yes, like some of the capabilities are already in place within the company and we are in the process of acquiring some other capabilities be in the form of some technical tie-ups or getting people who have been into this industry and who have been doing work related to the data centers.

Aasim: Would you be able to at least highlight what are the capabilities that you guys have besides the structures bit and which capabilities you will need tie-ups from?

Sanjay Singhania: Yes. So see, when it comes to the hot air containment zones, so typically that -- in that first is the designing and then managing the hot or the cold air. So those kind of designing capability is already there with us. And secondly, it comes to the shop drawing preparation and detailing, so that also is already in place with us because this sandwich panels that we do requires a similar capability.

And third is the utilization of aluminum sections and polycarbonate and all those materials. So that also we handle in a big way for our modular prefabricated housing that we do. So I've covered about designing and manufacturing, and similarly execution also, most of our resources, be the engineers or the contractors that we have in place for doing this modular housing, they are capable to execute the projects for the data center hot air containment zones as well.

And similarly if you talk of the pipe spooling then it involves fabrication. So our fabrication capability, our knowledge of welding and capability at the manufacturing level is already available. It is just about getting some equipments in place which would be able to do this kind of fabrication. And also in the P&M module that we are targeting, about 30% to 35% involves racking structure and fabrication that we already do. Besides that there would be certain mechanical and electrical parts which integration would be required.

So over the last 3-4 months we have been working on this product development and we have made a separate team, which is capable to develop this kind of product. So I'm very hopeful that over the next 3 to 4 months, we should have the capability to do P&M module as well.

Aasim: Okay. So most of these things would be done by you guys only, right? Either you develop in-house capabilities or something that you're already doing.

Sanjay Singhania: Yes.

Aasim: Okay. Got it. And just last on the order book that you mentioned, the 1380 crores, can you just give a breakup of -- or rather when you just mentioned that 180 crores is the odd revenue that you expect in FY27 from the EPS business, I mean 180 crores less whatever you did in Q1, that is the order book of the EPS bit for the rest of the year, the balance is PEB, is this how we should look at it?

Sanjay Singhania: You have to again maybe rephrase your question. I didn't get it properly. 180 crores for the packaging, yes.

Aasim: So 1,380 crores of your pending order book, how much would be the PEB part of it?

Sanjay Singhania: 100% of this, because for the packaging we do not have a pending order book there. It comes on a monthly basis, monthly rolling plan.

Aasim: Okay. Got it. And in this PEB piece, rather what is the median order size currently or is it fair to assume that most orders are in the INR100 crores or above ticket size right now?

Sanjay Singhania: No, it won't be INR100 crores because like we are also doing some small modular buildings and also selling these sandwich panels as a standalone product. So our last year average order size was around INR6.5 crores, but because last quarter we got this INR165 crores order, so now it would be almost INR12 crores to INR13 crores is the average order size of the total pending order book right now.

Aasim: Okay, sir. And this would still be the median order, right? Average order can be skewed by the large order that you got, but is the median order also close to the INR12 crores to INR13 crores number?

Sanjay Singhania: Median may be a little less, I would say.

Aasim: Less.

Sanjay Singhania: Yes. Because as the sandwich panels is increasing and modular, the smaller buildings are increasing, so median will be less.

Aasim: Okay, and just last bit. So of the INR100 crores plus orders that you kind of get or maybe this INR160 crores order that you've got from the renewable energy company, would you be the sole supplier or do such large ticket sizes still involve multiple suppliers?

Sanjay Singhania: In this project we are the sole suppliers for the -- they have only two buildings and both we are doing. But yes, there is also a possibility in the future that when the customer has some bigger projects, they typically also share between two suppliers.

Aasim: Okay. Thanks. Wish you guys all the best.

Sanjay Singhania: Yes, thank you.

Moderator: Thank you. The next question is from the line of Devang Patel from Sameeksha Capital. Please go ahead.

Devang Patel: Mr. Sanjay ji, my first question was about the INR165 crores order which is the largest single order for us. Usually, we execute over 6 to 8 months, but this order we are executing over 4 months. My question was, is this an outlier or is this something we can do repeatedly executing on compressed timelines?

Sanjay Singhania: Yes, you are very correct. Typical timeline for any project is 6 to 8 months. And this order when we took the customer wanted the entire project to be completed in 4.5 months. And typically if you see in our orders, the civil works that is to be done by the customer plays a huge role.

So although this customer committed us that he would be completing the entire civil works within one month of giving us the purchase order, but again due to monsoon you know like there are delays in the civil works, so customer is at this moment the customer is unable to give us the desired front.

But like, if we get the civil works and the site is ready for us to just start execution, so as far as EPACK Prefab is concerned, 4.5 months is a good time for us to design, manufacture and execute at the site level.

Devang Patel: Okay. My second question was a lot of data center and semiconductor plants are coming up in the country. How are we placed to participate in this? Are we thinking of heavy structures capacity at some point of time? And other part of it is that you spoke about not getting 2 orders. If you can talk of that. Was it on technical grounds or on price grounds that you lost out?

Sanjay Singhania: Yes. So first of all about the heavy structures. We are capable right at this moment. Our manufacturing capacity -- facilities are capable to handle the structures required for the data centers. Definitely, we are not capable to do the ROV or those kind of railway over bridges and things like that which requires a much wider span and much wider width of the web.

So as far as the data center is concerned, our manufacturing capabilities are there. Yes, we lost the 2 prospects that we had both on account of design as well as on pricing, because we are new in terms of designing, so there was a little optimization issue. And secondly the pricing also you know like, we're just learning how to price this perfectly. So on those fronts, we couldn't get it. But sure, I'm very hopeful that by this quarter end, we should have some order in hand from data center.

Devang Patel: Okay. What would be the sizes of these orders?

Sanjay Singhania: What is the size? Typical Yes, typical size, I would say average size for one data center building would be in the range of INR60 crores to INR110 crores.

Devang Patel: Okay. My other question was if you can give us the timelines for PB capacity now slated to come up the second line of AP at Ghiloth and the Gujarat plants?

Sanjay Singhania: Yes. So first of all, the Ghiloth sandwich panel line would be commissioned by the end of this quarter, so commercial production likely to start from the next quarter onwards. And the Andhra Pradesh Andhra Pradesh second line should come up again in the next quarter, so starting of next quarter. And about the Gujarat plant, the commissioning should happen in the last quarter of this financial year and the production starting from April onwards, April 27 onwards.

Devang Patel: Okay, great. That's all from my side. Thank you so much.

Sanjay Singhania: Yes, thank you.

Moderator: Thank you. The next question is from the line of Karan Gupta from ACMIL. Please go ahead.

Karan Gupta: Yes, hi. Hello. Am I audible?

Sanjay Singhania: Yes.

Karan Gupta: Yes, so my question is again on the same capacity expansion that we are doing for PEB side, so around 170 or 1,70,000 ton of capacity that we are estimating for FY27, right? 1,47,000 is already we have right now and extra 23,600 we are adding in FY27 second quarter.

Sanjay Singhania: Yes.

Karan Gupta: Right? So that will be operational after second quarter, right?

Sanjay Singhania: Yes, yes, from third quarter onwards. Yes.

Karan Gupta: Okay, okay. And any profitability metric that you can share or share some light on because EBITDA per ton or the realization on that basis I think the numbers are not looking good, the PEB realization part if you look at it's decreasing year over year. On EBITDA margin side that you've guided already 10.5% to 11% kind of thing due to pass through or weekly orders you are getting or repricing the contracts weekly. But on the realization side, what was your thought on that?

Sanjay Singhania: I don't understand your question perfectly but what I can actually tell you is about the gross margin. So if you see we have been able to improve the gross margin over the last 7 to 8 quarters and it is only in the last quarter that the gross margin has come down by 200 basis points. So I don't understand your question on realization because like we are in a commodity market wherein the steel prices increase and decrease. So realization per ton if you're trying to figure out then the question is different because it depends on the.

Rahul Agarwal: EBITDA per ton.

Sanjay Singhania: EBITDA per ton. EBITDA per ton is the right measurement or not, I'm not very sure of in our business. I can only guide towards EBITDA percentage. So EBITDA per ton may be in case of steel mill it is a right guidance but we don't typically it is not a metric for us.

Karan Gupta: Okay, okay. And for the sandwich panel 21 lakh ton of LSF kind of capacity square meter capacity again it will be operational at the end of second quarter.

Sanjay Singhania: Yes.

Karan Gupta: Okay. So do you share the breakup of individual sales of these sandwich panels or you combine these sales into the PEB part?

Sanjay Singhania: It goes together, as we have said in the past. We have three product lines. One is the pre-engineered building, second is the modular housing, and third is the sandwich panels. So typically this sandwich panels product line can go in with the modular housing as well as with the pre-engineered building. So very difficult to segregate them in terms of revenue, but we are for the for the sake of the transparency to the market, we are giving separately the order in hand for the sandwich panels. And we are giving separately the utilization of the sandwich panel line.

Karan Gupta: Okay. Okay. Yes. That's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of Kaushik Pan from an Individual Investor. Please go ahead.

Kaushik Pan: Hi, am I audible?

Sanjay Singhania: Yes.

Kaushik Pan: Okay. So my first question is, sir, whether the growth prospect what you have mentioned that it remains the 30% plus beyond FY27 as well, another 3-4 years?

Sanjay Singhania: Okay, and what's the next question?

Kaushik Pan: My next question is whether our Ghiloth sandwich panel line capex is on track and what is the potential revenue in FY27 from it?

Sanjay Singhania: So first of all I will address your first question about the growth of 30% beyond 27 or beyond 27. So typically if you see in any country the fabrication requirement is around 12% to 19% of the total steel produced. So in India, if you see last year 164 million tons was the total production and for us what happens is about 80% of our raw material is the flat products or the long products that we say.

So it accounts to around 12% to 19%. So that is the opportunity that is available to us in terms of the entire market size. And now going forward as per the capacities that are being added by the steel mills, so by 2030 the total capacity of the steel in the country would be around 300 million tons.

So if I consider even at the most pessimistic side it will be around 36 million tons of fabricated steel would be required and so that gives us a lot of confidence in terms of beyond 27 that whether we would be able to maintain 30% growth or not. So even if we grow at 30% beyond 27 till 30, so still we would be able to reach only around 0.3 to 0.35 million from a market which would be around 36 million tons for the fabricated steel.

Obviously, this entire market of 36 million tons would be spread across heavy structures that are used towards the railway and all those things as well as the pre-engineered buildings and few other conventional fabricated structures used across various industries.

Kaushik Pan: Okay, so basically it's a it's a reasonable bet.

Sanjay Singhania: Yes, Yes, it is. And also see what is happening is PEB is pre-engineered buildings are contributing just 3% to 5% of the total overall construction right now. Even for the industrial and logistics and other buildings. And the moment the way the pre-engineered buildings are been accepted these days for a high-rise buildings, so it presents a huge opportunity in terms of commercial, institutional building, schools, hospitals, and obviously these data center and this parking lots are a huge opportunity for the pre-engineered building industry.

Kaushik Pan: Okay. My second question was regarding the Ghiloth sandwich panel line.

Sanjay Singhania: Yes, so one typically -- this one sandwich panel line the capacity is 8 lakh square meters and as a thumb rule we consider INR1,700 to INR2,000 per square meter as the realization. So we can do a revenue of close to INR125 to INR140 crores from each line. So that is purely for the sandwich panels.

But we also do -- besides the product sales of sandwich panels, we also do projects around it, be it the modular or the pre-engineered building project. So if we combine that, then each sandwich panel line -- if we increase the fabrication capacity along with it, I think it can add INR250 crores of revenue to EPACK.

Kaushik Pan: Thank you, sir. The third question is what is the Mambattu insulated panel line, what is the present utilization and what would be the year-end utilization expected?

Sanjay Singhania: Yes, I think we have covered in the last few questions as well that utilization of the Quarter 1 was 44% and for this year we have guided the market at the start of the year only that it will be close to 70%. So I'm very much sure we'd be able to achieve 70% plus in this financial year.

Kaushik Pan: Thank you, sir. The last question is what is the export order opportunity and landscape you see in the PEB division?

Sanjay Singhania: In the PEB division? So for the PEB item, like product PEB products we haven't done any exports only it has been limited to the SAARC nations, be it in Bhutan or Nepal or sometimes in Sri Lanka as well. Recently we exported this sandwich panels to Africa and it is just a start, but like it also gives us a lot of confidence that you know the market of Africa is opening up for us. And I think you know for the PEB for the steel structures, we are yet to receive some orders, some good orders from there.

Koushik Pan: So there lies an opportunity.

Sanjay Singhania: There, definitely there is an opportunity, but at the same time you know whatever capacities we're expanding we're able to like completely utilize it in the domestic market. So somehow I think like we need to really focus in a different way or a bigger way for the international market.

Koushik Pan: And any business in railways?

Sanjay Singhania: Railways, no. Railways we don't have any business right now.

Koushik Pan: Thank you.

Moderator: Thank you. The next question is from the line of Vishnu Agarwal from PD Wealth. Please go ahead.

Vishnu Agarwal: Hi. Good afternoon, sir, and thank you for the opportunity. Am I audible, sir?

Sanjay Singhania: Yes, Mr. Vishnu, you are.

Vishnu Agarwal: Great, sir. Actually so first thing I want to check on the margin, you know we have shrinked margin on the Q1 FY27 and uncertainty related to the war is still here you know and we are in you know Q2 almost half of it. How confident are we actually, sir, to ensure that we will be able to maintain 10.5% margin in Q2 and on because you've given the guidance for the rest of the year as we will maintain 10.5 and above margins. So how confident we are for our Q2 FY27 margin, sir?

Sanjay Singhania: Yes, so see what gives us confidence first of all, we are very much confident that the margins will definitely improve in this quarter. And what really gives us the confidence, I will tell you. First of all the orders of the older rates, old rates which we had taken prior to the starting of the war. So most of those orders we have either executed or we have got a price increase.

Secondly, the new orders also, are coming at the new prices. And typically what happens for us is in this quarter we'd be executing orders that we would have taken last year -- last quarter. So last quarter all the orders had come at the revised pricing and also the previous -- quarter previous to that. So the quarter previous to that also now most of the orders we have got the price increase. So it gives us a lot of confidence that this quarter the margins will definitely improve and it will be normalized as it had happened last year.

Vishnu Agarwal: Thank you for that answer, sir. Actually my second question is related to the revenue potential with the enhanced capacity, as you earlier said in the same call that actually with the enhanced capacity, we have the potential to reach INR2,700 crores to INR2,900 crores of revenue. What would be the, approximate timeline when we will be able to hit this? I understand FY27 we are targeting for INR1,950 crores. So do you expect actually in FY28 will we be able to do that?

Sanjay Singhania: Hopefully yes, see our if you look at the utilization capacity utilization is typically 75% to 80%, although in the last quarter, Quarter 4 of last financial year it went above 90%, but I would -- I don't think that is, like benchmark. So even if we are able to achieve say 80% to 85%, it will get us somewhere close to INR2,300 crores to INR2,400 crores for the next FY28 and we'd be very happy to know reach at that level with the capex that we are doing at this moment.

Vishnu Agarwal: Thank you, sir. And my last question is related to the data centre, I understand actually we have started the -- and it is still early days for all of us, but we managed to get some project from Adani as you earlier mentioned earlier. We did launch from actually low prospect as you mentioned because of the design and pricing.

Who are we really competing with, and we have any kind of like -- are they similar kind of a companies or they are actually bigger aggregator, whom are we really competing and you know how do we really develop that expertise so that in the future we will be able to achieve this confidently, bid confidently and possibly convert them into the real orders, Yes.

Sanjay Singhania: Yes, a great question. So in the in this data centre structures space, like our competition is not only limited to the PEB players, it is also with first of all the EPC players who typically take up the entire project including the structures and secondly it is with the players like JSW has a JSSL, JSW Severfield Limited and similarly JSP also has its own wing which does some high-rise buildings and data centres. So those are the competition as well when it comes to data centre structures.

Vishnu Agarwal: So I mean like can we actually suppose if they take the turnkey project, will they be able to outsource the, you know prefab part to us or is that the way it is working or they have that capability in-house?

Sanjay Singhania: Yes, so if a EPC player say NCC or L&T or you know like Sam India or someone has taken up a data centre project then definitely the structure will be outsourced to someone like us. But if a player like JSSL or JSPL takes up then definitely they are the structure fabrication company, steel company, they would do on their own.

Vishnu Agarwal: That's all from my side. Thank you so much and all the very best for the rest of the year, sir.

Sanjay Singhania: Yes, thank you so much.

Moderator: Thank you. The next question is from the line of Raman KV from Sequent Investments. Please go ahead. Raman KV, your line has been unmuted. Please go ahead. As there is no answer from the participant's line, we take that as a last question.

I now hand the conference over to Mr. Sanjay sir, for closing comments. Please go ahead.

Sanjay Singhania: So I thank everyone, I know who had participated so actively in our investor call for Quarter 1 FY27 and thank you so much.

Rahul Agarwal: Thank you, everyone. Thank you.

Moderator: On behalf of EPACK Prefab Technologies Limited and PhillipCapital, that concludes this conference. Thank you for joining us and you may now disconnect your lines.